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## The operative word here is "somehow"

Herman Daly

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Mr Smith, whose address is listed only as "USA", (Richard Smith, "[Beyond growth or beyond capitalism](#)", *RWER* issue no. 53, pp. 28-42) is unhappy with me for arguing for what he calls "steady state capitalism". I have never used that term, always speaking of a steady state economy, which in my view is something different from both capitalism and socialism. Remember that during the cold war both capitalists and socialists claimed that their system would grow faster--would be least like a steady state. The steady state was an idea hated by both. I am more accustomed to attacks from capitalists, so it is at least a change to be attacked by a socialist. Mr Smith's unhappiness derives from my preference for the market over centralized planning as a tool for dealing with the single problem of allocative efficiency. Even after steady state economics advocates constraining the throughput of resources so that the market can no longer determine the scale of the economy relative to the biosphere, and limiting the range of income inequality so that the market could not any longer generate huge inequalities of power and wealth, Mr Smith is still unhappy. He believes that even such ecologically and socially constrained markets are bound to be destructive and lead directly to all the evils of capitalism as it exists today, evils that are certainly real and that he thinks only socialism can somehow cure. The operative word here is "somehow" – perhaps wiping the slate clean of deep-rooted institutions of division of labor and decentralized exchange of goods, services, and property will abolish the evils inherent in markets which he thinks must always be masters and never servants. Instead of markets should we not have another go at centralized rationing of goods and resources, collectivization of agriculture, abolition of exchange and money? No, let's be fair--he does not say anything so radical. But neither does he say anything specific or helpful about moving to a steady state economy, whether capitalist or socialist or neither.

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